A BILL FOR AN ACT

CONCERNING A PROHIBITION ON A LOCAL GOVERNMENT THAT IMPACTS OIL AND GAS EXTRACTION FROM RECEIVING ANY MONEYS FROM THE LOCAL GOVERNMENT SEVERANCE TAX FUND.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

Currently, moneys in the local government severance tax fund are primarily used for 2 purposes:

For the executive director of the department of local affairs to provide grants and loans to political subdivisions

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment. Capital letters indicate new material to be added to existing statute. Dashes through the words indicate deletions from existing statute.
impacted by development, processing, or energy conversion of minerals and mineral fuels; and

The bill prohibits any local government that restricts or delays the ability of an oil and gas producer to exercise the producer's property right as a lessee or owner to extract oil and gas from receiving any grants or direct distributions from the local government severance tax fund.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 39-29-110, amend (1) (c) (I) introductory portion and (1) (c) (III) introductory portion; and add (1) (b) (V) and (1) (g) as follows:

39-29-110. Local government severance tax fund - creation - administration - definitions. (1) (b) (V) NOTWITHSTANDING ANY PROVISION OF THIS PARAGRAPH (b) TO THE CONTRARY, BEGINNING JULY 1, 2012, THE EXECUTIVE DIRECTOR SHALL NOT DISTRIBUTE ANY MONEYS, OR MAKE ANY LOANS, PURSUANT TO THIS PARAGRAPH (b) TO ANY POLITICAL SUBDIVISION THAT IN ANY WAY RESTRICTS OR DELAYS THE ABILITY OF AN OIL AND GAS PRODUCER TO EXERCISE THE PRODUCER'S PROPERTY RIGHT AS A LESSEE OR AN OWNER TO EXTRACT OIL AND GAS.

(c) (I) For state fiscal years commencing prior to July 1, 2008, an amount equal to thirty percent of said gross receipts credited to the local government severance tax fund shall be distributed to counties or municipalities on the basis of the proportion of employees of the mine or related facility or crude oil, natural gas, or oil and gas operation who reside in any such county's unincorporated area or in any such municipality to the total number of employees of the mine or related facility or crude oil, natural gas, or oil and gas operation. Such distribution shall be made on the basis of the report required in paragraph
(d) of this subsection (1). For state fiscal years commencing on or after
July 1, 2008, EXCEPT AS SET FORTH IN PARAGRAPH (g) OF THIS
SUBSECTION (1), thirty percent of said gross receipts credited to the local
government severance tax fund shall be allocated to counties based upon
the following factors:

   (III) Except as otherwise set forth in subparagraph (IV) of this
paragraph (c) AND PARAGRAPH (g) OF THIS SUBSECTION (1), the moneys
allocated to each county pursuant to this paragraph (c) shall be further
distributed to the county and to each municipality within the county based
upon the following factors:

   (g) BEGINNING JULY 1, 2012, A COUNTY OR MUNICIPALITY THAT
IN ANY WAY RESTRICTS OR DELAYS THE ABILITY OF AN OIL AND GAS
PRODUCER TO EXERCISE THE PRODUCER'S PROPERTY RIGHT AS A LESSEE OR
OWNER TO EXTRACT OIL AND GAS IS INELIGIBLE FOR ANY DISTRIBUTION
Pursuant to paragraph (c) OF THIS SUBSECTION (1). The moneys
OTHERWISE REQUIRED TO BE DISTRIBUTED TO THE COUNTY OR
MUNICIPALITY ARE REDISTRIBUTED ON A PRO RATA BASIS TO ALL OTHER
ELIGIBLE COUNTIES AND MUNICIPALITIES.

SECTION 2. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, and safety.